

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 EURE-00 SAJ-01 IO-10 SAM-01

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01 EB-07 TRSE-00

FRB-03 CIEP-01 AID-05 COME-00 SAB-01 ACDA-05 AGR-05

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P R 231734Z APR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 9600

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

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AMEMBASSY JIDDA

AMEMBASSY SANAA

USMISSION NATO BRUSSELS

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 03 BONN 06614

E.O. 11652: GDS

TAGS: PFOR, EGEN, GW, EG, SA, XF

SUBJECT: FOREIGN MINISTER GENSCHER'S TRIP TO EGYPT AND

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SAUDI ARABIA, APRIL 14-18

REF: CAIRO 3937

SUMMARY: FORMALLY SPEAKING, GENSCHER WENT TO EGYPT FOR THE 2ND MEETING OF THE FRG-EGYPTIAN JOINT ECONOMIC COMMISSION. HE WAS INTERESTED IN MAKING USE OF THE TRIP TO DISCUSS ECONOMIC COOPERATION, BOTH ON A BILATERAL BASIS WITH EGYPT AND SAUDI ARABIA AND ALSO IN CONNECTION WITH THE EURO-ARAB DIALOGUE, CONCERNING WHICH HE MET WITH MAHMOUD RIAD IN CAIRO. ON THE POLITICAL SIDE, GENSCHER WANTED TO EXPLAIN BONN'S "BALANCED" MIDDLE EASTERN POLICY AND TO PICK UP WHATEVER NEW VIEWPOINTS HE COULD FROM HIS ARAB INTERLOCUTORS. THE FRG FOREIGN OFFICE SOURCES WITH WHOM WE HAVE TALKED CONSIDER VISITS IN BOTH COUNTRIES TO HAVE BEEN SUCCESSFUL. END SUMMARY.

1. GENSCHER'S PORTRAYAL OF BONN'S BALANCED MID-EAST POLICY MET WITH UNDERSTANDING BUT NOT MUCH SYMPATHY, ACCORDING TO OUR SOURCES. THE REACTION, BOTH IN CAIRO AND IN SAUDI ARABIA WAS THAT THE ARABS UNDERSTOOD THE FRG'S SPECIAL RELATIONSHIP WITH ISRAEL BUT NEVERTHELESS FELT THAT SO MUCH WAS DONE FOR ISRAEL THAT THE OVERALL WEST GERMAN RELATIONSHIP WITH THE MIDDLE EAST REMAINED UNBALANCED. GENSCHER'S EFFORTS TO ARGUE THAT "BALANCE" SHOULD NOT BE CONCEIVED OF "QUANTITATIVELY" WERE APPARENTLY NOT VERY PERSUASIVE.

2. NOTHING STRIKINGLY NEW EMERGED CONCERNING THE ARAB-ISRAELI CONFRONTATION, BUT THE GERMANS WERE INTERESTED TO HEAR SADAT CONFIRM IN PERSON SOME OF THE MODERATE VIEWS HE HAS RECENTLY EXPRESSED--NOTABLY IN HIS INTERVIEW WITH TIME MAGAZINE OF APRIL 14. THEY GOT THE IMPRESSION THAT SADAT WAS INDEED PREPARED TO TRY TO MEET ISRAEL HALF-WAY BY OFFERING ANY OF SEVERAL POSSIBLE SOLUTIONS SHORT OF A FORMAL WRITTEN DOCUMENT OF NON-BELLIGERENCY: E.G. AN ARRANGEMENT WHEREBY THE UN'S MANDATE WOULD BE LENGTHENED AND COULD ONLY BE TERMINATED BY ACTION OF THE SECURITY COUNCIL; OR A PUBLIC DECLARATION IN WHICH EGYPT (SADAT HIMSELF, PRESUMABLY) WOULD STATE THAT IT DID NOT CONFIDENTIAL

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REGARD ARMED HOSTILITIES AS OFFERING ANY SOLUTION TO THE PROBLEMS OF THE MIDDLE EAST.

3. CONCERNING FUTURE NEGOTIATIONS, SADAT TOLD GENSCHER THAT HE SAW NO INSUPERABLE OBSTACLES TO A CONTINUATION OF U.S. MEDIATION TO ACHIEVE A STEP-BY-STEP DISENGAGEMENT PARALLEL TO A RECONVENED GENEVA CONFERENCE. SADAT'S MAIN CONCERN WITH REGARD TO GENEVA WAS THAT IT COULD SO

EASILY POLARIZE BETWEEN THE U.S. AND ISRAEL ON THE ONE SIDE AND THE USSR AND THE ARAB CAMP ON THE OTHER. SADAT DID NOT WANT GENEVA TO TURN INTO A SLIPPERY SLIDE THAT LANDED HIM IN BREZHNEV'S LAP. IT WAS IN THIS CONTEXT-- THAT OF PREVENTING SUCH POLARIZATION--THAT SADAT WANTED BRITAIN AND FRANCE "AND PERHAPS SOME OTHERS" TO BE DRAWN INTO THE CONFERENCE. IN GENERAL, HE URGED MORE INTENSIVE INVOLVEMENT BY THE EC-9 IN THE MIDDLE EAST.

4. THE GERMANS WERE STRUCK BY THE MAGNITUDE OF EGYPT'S ECONOMIC DIFFICULTIES. IN THE ECONOMIC TALKS WITHIN THE FRAMEWORK OF THE JOINT COMMISSION MEETING, THE MAIN FOCUS OF DISCUSSION WAS ARRANGEMENTS FOR THE SECOND YEAR'S OUTLAYS UNDER THE DM 500 MILLION ASSISTANCE AGREEMENT CONCLUDED IN 1974. WE UNDERSTAND THAT THE AGREEMENT SIGNED ON APRIL 16 PROVIDED FOR:

(A) DM 90 MILLION IN PROJECT LOANS FOR 1975

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INFO OCT-01 EUR-12 ISO-00 EURE-00 SAJ-01 IO-10 SAM-01

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

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P R 231734Z APR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 9601

INFO AMEMBASSY LONDON

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AMEMBASSY MOSCOW
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AMEMBASSY BEIRUT
AMEMBASSY DAMASCUS
AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY TRIPOLI
AMEMBASSY JIDDA
AMEMBASSY SANAA
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C O N F I D E N T I A L SECTION 02 OF 03 BONN 06614

(ELECTRICITY TRANSFORMING STATION IN CAIRO;
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AGRO-INDUSTRY COMPLEX FOR RAISING POULTRY IN THE
DELTA; DRINKING WATER FACILITY IN UMBABAH TO
SUPPLY GREATER CAIRO; AND A PROJECT FOR THE
MANUFACTURE OF SAND BRICKS) AT HIGHLY CONCES-
SIONAL RATES (10 YEARS GRACE WITH 30 YEARS
REPAYMENT AT 2 PERCENT);

(B) A LOAN OF DM 165 MILLION TO COVER IMPORTS FOR
ELECTRICAL DEVELOPMENT AND BASIC INDUSTRIAL
PROJECTS DURING 1975 AND 1976; AND

(C) A FURTHER DM 20 MILLION TO FINANCE FEASIBILITY
STUDIES FOR PROJECTS UNDER EGYPT'S COMING 5-YEAR
PLAN.

WITH ABOUT DM 150 MILLION HAVING BEEN EXPENDED DURING
THE FIRST YEAR (1974-75), THIS WILL LEAVE A LITTLE LESS
THAN DM 100 MILLION FOR THE THIRD AND FINAL YEAR (1976-
77). THERE WAS APPARENTLY SOME DISCUSSION OF THE QATAR
DEPRESSION PROJECT BUT NO DEFINITE DECISION EVEN TO
PROCEED WITH THE FEASIBILITY STUDY. THE VISIT ALSO
PROVIDED SOME IMPETUS TO NEGOTIATIONS ON JOINT VENTURES
WITH PRIVATE GERMAN FIRMS. AN ECONOMICS MINISTRY SOURCE
TOLD US THAT THE EGYPTIANS WERE ESPECIALLY PLEASED AT
THE PROGRESS BEING MADE IN THESE NEGOTIATIONS.

5. IN SAUDI ARABIA, THE GERMANS HAD THE GENERAL
IMPRESSION THAT KING CHALID AND PRINCE FAHD WERE
DETERMINED TO PURSUE THE CONSERVATIVE POLICY OF FAISAL,
ALTHOUGH THEY ALSO CAME AWAY WITH THE FEELING THAT IT
WAS TOO EARLY TO TELL WHETHER OR NOT THERE WOULD BE
FURTHER DISINTEGRATIVE PRESSURES WITHIN THE ROYAL FAMILY

IN THE WAKE OF THE ASSASSINATION. ALL OF GENSCHER'S MAIN INTERLOCUTORS--KING CHALID, PRINCE FAHD, AND FOREIGN MINISTER SAUD--WERE PREOCCUPIED WITH THE DANGERS OF COMMUNISM AND WITH THE OPPORTUNITIES THAT A HARD-LINE ISRAELI POLICY OFFERED TO THE SOVIET UNION. FAHD ARGUED THAT ONLY MOSCOW PROFITED FROM THE PRESENT SITUATION OF NO PEACE-NO WAR, AND THIS WAS ECHOED BY SAUD. AT THE SAME TIME, THE SAUDIS ARGUED THAT TIME WAS WORKING AGAINST ISRAEL.

6. GENSCHER TOLD HIS HOSTS IN JIDDA AND RIAD THAT HE THOUGHT ISRAEL WAS NOW CAUGHT UP IN A PROCESS OF CONFIDENTIAL

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RETHINKING WHICH OFFERED SOME HOPE FOR A MORE FLEXIBLE POSITION. GENSCHER STRESSED THE IMPORTANCE OF MAINTAINING MOMENTUM IN THE DIALOGUE BETWEEN PRODUCERS AND CONSUMERS AND OF NOT PERMITTING THE FAILURE OF THE PARIS PREPARATORY CONFERENCE TO CAUSE A GENERAL BREAKDOWN IN THE SEARCH FOR COOPERATIVE SOLUTIONS. THE SAUDIS AGREED WITH HIM ON THIS POINT AND EXPRESSED THE HOPE THAT THE EURO-ARAB DIALOGUE, WHEN IT GOT GOING, WOULD PROVIDE IMPETUS FOR THE BROADER DIALOGUE BETWEEN OIL PRODUCERS AND CONSUMERS. WHEN HE WAS URGED BY CHALID AND FAHD THAT THE FRG SHOULD RECOGNIZE THE PLO, GENSCHER EVADED THE ISSUE BY REFERRING TO THE PROBLEM OF THE PLO IN THE EURO-ARAB DIALOGUE (RATHER THAN THE MORE GENERAL QUESTION OF RECOGNITION) AND SAYING THAT THERE WAS AN AGREED POSITION OF THE EC-9 ON THIS SUBJECT.

7. IN HIS CONVERSATION WITH ECON AND FINANCE MINISTER MUSSAED, GENSCHER PUSHED THE IDEA OF TRIANGULAR PROJECTS INVOLVING TECHNICAL SKILLS FROM INDUSTRIALIZED COUNTRIES AND FINANCING FROM OIL PRODUCERS, TO BE COMBINED IN PROJECTS FOR THE DEVELOPMENT OF POOR LDC'S. HE

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P R 231734Z APR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 9602

INFO AMEMBASSY LONDON

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AMEMBASSY AMMAN

AMEMBASSY CAIRO

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AMEMBASSY JIDDA

AMEMBASSY SANAA

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C O N F I D E N T I A L SECTION 03 OF 03 BONN 06614

RECALLED IN THIS CONNECTION MINISTER BAHR'S PROPOSAL FOR
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A PROJECT OF THIS KIND INVOLVING THE FRG, SAUDI ARABIA,
AND THE SUDAN. MUSSAED ANSWERED THAT SA FAVORED THIS
IDEA "IN PRINCIPLE", THAT IT WAS DEVELOPING CERTAIN
IDEAS OF ITS OWN ABOUT HOW SUCH PROJECTS SHOULD BE SET
UP, AND THAT IT WOULD SOON BE TAKING A CLOSE LOOK AT THE
SUDAN PROPOSAL. GENSCHER MADE CLEAR IN THIS CONNECTION
THAT THE FRG COULD NOT TOLERATE DISCRIMINATION AGAINST

GERMAN FIRMS BIDDING ON THESE PROJECTS ON THE GROUNDS THAT THEY ALSO DID BUSINESS WITH ISRAEL. THE SAUDIS EXPRESSED DISAPPOINTMENT AT THE SLOW PACE OF GERMAN PRIVATE SECTOR INVOLVEMENT IN THE SAUDI ECONOMY. AT SAUDI URGING, THE MIXED ECONOMIC COMMISSION, AGREED ON AT THE TIME OF FRG ECON MINISTER FRIDERICH'S VISIT EARLIER THIS YEAR, HAS MOVED UP ITS SCHEDULED FIRST MEETING FROM THIS FALL TO THIS SUMMER.

8. IN HIS CONVERSATION ON APRIL 18 WITH ARAB LEAGUE SEC GEN RIAD, GENSCHER EMPHASIZED THE IMPORTANCE THE FRG ATTACHES TO THE PROPOSED EUROPEAN-ARAB DIALOGUE AND THE HOPE THAT THE MEETING OF THE ARAB LEAGUE ON APRIL 21 WOULD BRING SOME MOVEMENT TOWARD ACCEPTANCE BY THE ARAB SIDE OF THE EUROPEAN PROPOSAL FOR "DENATIONALIZED" MEETINGS AT THE EXPERT LEVEL WHICH WOULD EVADE THE ISSUE OF PLO PARTICIPATION IN THE DIALOGUE. WE UNDERSTAND THAT THE WEST GERMAN INDUSTRIALISTS AND BANKERS WHO WERE TRAVELLING WITH GENSCHER ALSO MET WITH RIAD TO DISCUSS COOPERATIVE PROJECTS.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
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Draft Date: 23 APR 1975
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Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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